# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:1632
ANSWERED ON:25.11.2016
Commitment Charges
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government has disbursed hefty commitment charges on unutilized foreign assistance/loans taken for various development projects;

(b) if so, the details thereof and the reasons therefor and the amount on commitment charges paid during the last three years and the current year;

(c) the details of sectors that lag behind in matching the pace of the expenditure committed by the Government while negotiating loans with World Bank and Asian Development Bank; and

(d) the steps taken to expedite the sectoral projects and save the expenditure on commitment charges?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL):

(a) & (b) The commitment fee/ charges are payable by the borrowers on the undisbursed loan amount as per the agreement signed with the multilateral/bilateral funding agencies from time to time. Terms and conditions of the loan agreement are in accordance with the operational policies of the multilateral agencies/ lending policies of the bilateral agencies. The commitment fee/ charges paid by the Government on external undisbursed loans from 2013 − 2014 to 2016 − 2017 are as under: -

| Donor | 2013-14 (in INR crores) | 2014-15 (in INR crores) | 2015-16 (in INR crores) | 2016-17 (in INR crores) |
|---|---|---|---|---|
| ADB | 47.46 | 49.21 | 57.58 | 42.89 |
| Germany | 9.78 | 8.47 | 7.36 | 4.48 |
| Japan | 49.99 | 46.10 | 37.75 | 30.30 |
| IBRD | 10.09 | 6.74 | 7.91 | 10.64 |

(c) & (d) The list of sector-wise utilization of Government Loans from 2013-2014 to 2016-2017 is at Annexure. During the negotiation the total loan to be taken along with the project period is negotiated & finalized. However, the actual pace of expenditure depends on the physical progress of the project. Projects in most of the sectors lag in implementation due to unforeseen delays in procurement, technical issues, HR related issues and environment related issues.

Several steps have been taken to expedite the sectoral projects and minimize the expenditure on commitment fee/ charges. A Project Readiness checklist has been prepared for all the new Projects supported by Multilateral Financial Institutions. This Readiness criterion makes it mandatory that 100% of the consultancies are awarded, award of bids for contract worth at least 30% of the project cost are finalized and all statutory clearances like environmental/ forest clearances are in place before the project is negotiated.

For the existing projects supported by Multilateral Financial Institutions, strict monitoring of projects through Tripartite Review Meetings (TPRM), State Review Meetings (SRM) and TPRMs for Slow Moving Projects is being undertaken. Further, D.O. letter at Secretary level are issued to Line Ministries and State Governments bringing out various issues in implementation of project. Consequent to the project review, cancellation of uncommitted loan amount is also undertaken to reduce the payment of commitment fee/ charges.
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